

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2011

Docket No. N2012-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORIES APWU/USPS-44 AND 45
(May 1, 2012)

The United States Postal Service hereby provides its responses to the above-listed interrogatories of the American Postal Workers Union. The interrogatories are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing & Product Support

Nabeel R. Cheema

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-7178; Fax -5402
May 1, 2012

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY

APWU/USPS-44

Refer to the testimony of witness Bradley (Table 12, p. 33, line 3). The following data, summary and questions are related to information found in *Library Reference USPS-LR-N2012-1/22* and referenced by Mr. Bradley in his testimony:

$$\begin{aligned}\text{PVS Cost/Mile} &= (\text{Total Labor Costs} + \text{Total Vehicle Costs})/\text{Total Miles} \\ &= (\$138,325,709 + \$19,630,079)/27,403,820 \\ &= \$5.76/\text{mile}\end{aligned}$$

- a) Do the established costing principles used in this analysis suggest that the PVS cost per mile in the 40 PVS sites marked to be closed is \$5.76 per mile?
- b) What percentage of the \$5.76 per mile is attributable to the VSD wage?
- c) Is the \$2.05 per mile HCR figure based upon actual purchased transportation costs and miles?

RESPONSE:

- a. Established costing principles suggest that the average cost per mile at the 40 listed PVS sites is \$5.76 per mile.
- b. Table 13 on page 35 of witness Bradley's testimony shows that the total labor cost for LDC 34, which is for vehicle service drivers, is \$117,436,017. Dividing this by the total miles of 27,403,820 yields a cost per mile of \$4.29. Dividing this figure by the average overall cost per mile of \$5.76 yields a percentage of 74.4 percent. However, because the Postal Service maintains a fixed relationship between supervisor hours and direct hours, the hourly cost of vehicle service driver also includes the associated supervisor cost. Table 13 of witness Bradley's testimony shows that total labor cost for LDC 30, which is for vehicle service driver supervisors, is \$12,851,471. Dividing the sum of the LDC 34 and LDC30 costs

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY

by total miles yields a cost per mile of \$4.75. Dividing this figure by the average overall cost per mile of \$5.76 yields a percentage of 82.4 percent.

c. Yes.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY

APWU/USPS-45

Witness Bradley testified (USPS-T-10, p.3, line 15) that: “the calculated cost savings represent the reduction in processing and transportation costs that the Postal Service would achieve once the network restructuring was fully implemented. As such, it does not include transition or adjustment costs.”

- a) Has any effort been made to quantify transition or adjustment costs?
- b) If the answer to a) is yes, specify those costs and list them.

RESPONSE:

- a-b. Please see Postal Service witness Masse’s responses to NALC/USPS-T2-2 and NALC/USPS-T2-3. The Postal Service has not quantified transition or adjustment costs beyond the rough approximations noted in the response to NALC/USPS-T2-2.